Merger of Charminar Bank of Hyderabad

2120. SHRI S.M. LALJAN BASHA: Will the Minister of FINANCE be pleased to state:

(a) whether Reserve Bank of India has received any request to take over Charminar Bank of Hyderabad or allow it to merge with some other bank in the country;

(b) if so, the details thereof;

(c) what are the reasons for the RBI not giving any importance to the revival of Charminar Bank of Hyderabad;

(d) whether Government are aware that thousands of depositors and employees are affected by the inaction on the part of RBI; and

(e) the steps proposed to attend to this pressing banking problem in Andhra Pradesh?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Reserve Bank of India (RBI) has reported that it has not received any request for taking over Charminar Co-operative Urban Bank Ltd. (CCUB), Hyderabad by any bank or for allowing it to merge with some other bank in the country.

(c) and (d) The Charminar Co-operative Urban Bank is operating under a Scheme of reconstruction formulated by the Government of Andhra Pradesh with the prior approval of RBI with effect from March 3, 2003. As per the provisions of the Reconstruction Scheme, Deposit Insurance and Credit Guarantee Corporation (DICGC) has already settled Rs. 123 crores out of the total claims of Rs. 146.35 crores in respect of insured depositors upto Rs. 1 lakh. The progress in implementation of the Scheme is being monitored by the RBI in close co-ordination with the State Government.

(e) The financial position of the bank as also the progress made by the bank under the Reconstruction Scheme has been apprised to the Central/State Government by RBI. It has also requested the State Government to take immediate steps to reverse the deteriorating financial position of the bank. For protecting the interests of the depositors, the State Government has been advised by RBI to modify the existing scheme so that the bank is prohibited from accepting fresh deposits.